

104TH CONGRESS  
2D SESSION

# S. 1877

To ensure the proper stewardship of publicly owned assets in the Tongass National Forest in the State of Alaska, a fair return to the United States for public timber in the Tongass, and a proper balance among multiple use interests in the Tongass to enhance forest health, sustainable harvest, and the general economic health and growth in southeast Alaska and the United States.

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## IN THE SENATE OF THE UNITED STATES

JUNE 13, 1996

Mr. MURKOWSKI (for himself and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To ensure the proper stewardship of publicly owned assets in the Tongass National Forest in the State of Alaska, a fair return to the United States for public timber in the Tongass, and a proper balance among multiple use interests in the Tongass to enhance forest health, sustainable harvest, and the general economic health and growth in southeast Alaska and the United States.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Environmental Im-  
3 provement Timber Contract Extension Act”.

4 **SEC. 2. MODIFICATION OF LONG-TERM CONTRACT RE-**  
5 **GARDING TONGASS NATIONAL FOREST.**

6 (a) DEFINITIONS.—In this section:

7 (1) The term “board feet” means net scribner  
8 long-log scale for all sawlogs and all hemlock and  
9 spruce utility grade logs.

10 (2) The term “contract” means the timber sale  
11 contract numbered A10fs–1042 between the United  
12 States and the Ketchikan Pulp Company.

13 (3) The term “contracting officer” means the  
14 Regional Forester of Region 10 of the United States  
15 Forest Service.

16 (4) The term “mid-market criteria” means an  
17 appraisal that ensures an average timber operator  
18 will have a weighted average profit and risk margin  
19 of at least 60 percent of normal in a mid-market sit-  
20 uation, representative of the most recent 10 years of  
21 actual market data.

22 (5) The term “proportionality” means the pro-  
23 portion of high volume stands (stands of 30,000 or  
24 more board feet per acre) to low volume stands  
25 (stands of 8,000 to 30,000 board feet per acre).

1           (6) The term “purchaser” means the Ketchikan  
2 Pulp Company.

3           (b) FINDINGS.—Congress finds the following:

4           (1) On July 26, 1951, the Forest Service, on  
5 behalf of the United States, and the purchaser en-  
6 tered into a contract to harvest 8,250,000,000 board  
7 feet of timber from the Tongass National Forest in  
8 the State of Alaska. While the contract is scheduled  
9 to end June 30, 2004, it acknowledges an intention  
10 on the part of the Forest Service to supply adequate  
11 timber thereafter for permanent operation of the  
12 purchaser’s facilities on a commercially sound and  
13 permanently economical basis. This legislation is  
14 necessary to effectuate that intent.

15           (2) A pulp mill or similar facility is necessary  
16 in southeast Alaska to optimize the level of year-  
17 round, high-paying jobs in the area, to provide high  
18 value added use of low-grade wood and by-product  
19 material from sawmilling operations, and to main-  
20 tain a stable regional economy.

21           (3) The purchaser plans to make environmental  
22 and operational improvements to its pulp mill, in-  
23 cluding conversion to an elementally chlorine free  
24 bleaching process, expansion of wastewater treat-  
25 ment facilities, relocation of the existing wastewater

1 outfall, and improvements to chemical recovery and  
2 power generation equipment. Total capital expendi-  
3 tures are estimated to be \$200,000,000,  
4 \$25,000,000 of which the purchaser has already in-  
5 vested.

6 (4) Extension of the contract for 15 years is  
7 the minimum reasonable extension period to allow  
8 amortization of these environmental improvement  
9 and energy efficiency projects.

10 (5) Ketchikan is the fourth largest city in Alas-  
11 ka. Its economic and job base are extremely depend-  
12 ent upon the continuation of the contract, which  
13 provides the principal source of year-round employ-  
14 ment in the area. The purchaser has stated among  
15 its goals and objectives the following:

16 (A) Continuation of a long-term commit-  
17 ment to Ketchikan and southeast Alaska, in-  
18 cluding maintenance of a stable Alaskan  
19 workforce, utilization of Alaskan contractors,  
20 vendors, and suppliers to permit those busi-  
21 nesses to hire and maintain Alaskan employees.

22 (B) Participation in the Forest Service's  
23 land management planning process with other  
24 users so that the process may be completed ex-  
25 peditiously with maximum information.

1 (C) Adherence to sound principles of mul-  
2 tiple-use and sustained yield of forest resources  
3 providing for the production of sustainable con-  
4 tract volumes for the purchaser and the other  
5 timber operators in southeast Alaska and the  
6 protection and promotion of other forest uses,  
7 including tourism, fishing, subsistence, hunting,  
8 mining, and recreation.

9 (D) Protection of air, water, and land, in-  
10 cluding fish and wildlife habitat, through com-  
11 pliance with applicable Federal, State, and local  
12 laws.

13 (E) Commitment to continue to explore  
14 new processes and technology to maximize the  
15 use of timber harvested and increase the value  
16 of products manufactured in southeast Alaska.

17 (6) The national interest is served by a policy  
18 that accomplishes the proper stewardship of publicly  
19 owned assets in the Tongass National Forest, a fair  
20 return to the United States for public timber in the  
21 Tongass National Forest, and a proper balance  
22 among multiple use interests in the Tongass Na-  
23 tional Forest to enhance forest health, sustainable  
24 harvest, and the general economic health and growth  
25 in southeast Alaska and the United States in order

1 to improve national economic benefits. The national  
2 interest is best achieved by fostering domestic forest  
3 product markets and by modifying the terms of the  
4 contract pursuant to subsection (c).

5 (c) CONTRACT FAIRNESS CHANGES.—The contract is  
6 hereby modified as follows:

7 (1) EXTENSION.—The term of the contract is  
8 extended by 15 years from June 30, 2004.

9 (2) SALE OFFERING PLAN.—The contract shall  
10 include a plan describing the amount of volume, lo-  
11 cation, and the schedule by which the purchaser  
12 shall receive the timber required by paragraph (3)  
13 for the remainder of the contract term. The plan  
14 shall be coordinated with the Tongass Land Man-  
15 agement Plan.

16 (3) VOLUME REQUIREMENTS.—The volume of  
17 timber required under the contract shall be provided  
18 in 5-year increments of 962,500,000 board feet,  
19 which the purchaser shall be obligated to harvest in  
20 an orderly manner, subject to the following:

21 (A) Until March 1, 1999, when the next 5-  
22 year increment is provided to the purchaser, the  
23 Forest Service shall provide the purchaser with  
24 at least 192,500,000 board feet per year of  
25 available timber at a date certain each year and

1           shall maintain a supply of timber adequate to  
2           insure the purchaser can reasonably harvest  
3           192,500,000 board feet each year.

4           (B) To ensure harvest in an orderly man-  
5           ner, the contracting officer shall provide for the  
6           construction by the purchaser of roads in por-  
7           tions of the 5-year increment area of timber in  
8           advance of the 5-year operating period by in-  
9           cluding such roads in the environmental impact  
10          statement prepared for the 5-year operating pe-  
11          riod.

12          (C) Timber selected for inclusion in the 5-  
13          year increment shall meet the mid-market cri-  
14          teria.

15          (4) APPRAISALS AND RATES.—The contracting  
16          officer shall perform appraisals using normal inde-  
17          pendent national forest timber sale procedures and  
18          designate rates for the increments of timber to be  
19          provided. The rates shall not be designated at a level  
20          that places the purchaser at a competitive disadvan-  
21          tage to a similar enterprise in Pacific Northwest and  
22          those rate shall be the sole charges the purchaser  
23          shall be required to pay for timber provided.

1 (5) MEASUREMENT OF PROPORTIONALITY.—

2 The Forest Service shall measure proportionality  
3 using the following criteria:

4 (A) Measure for groups of all contiguous  
5 management areas.

6 (B) Measure proportionality by acres.

7 (C) Measure proportionality over the entire  
8 rotation age.

9 (6) CONVERSION OR REPLACEMENT OF PULP  
10 MILL.—The purchaser may convert or replace, in  
11 part or in whole, its pulp mill with a facility that  
12 manufactures any other value added product that  
13 utilizes pulp logs as a raw material component.

14 (7) UNILATERAL TERMINATION.—The unilat-  
15 eral termination clause of the contract is eliminated.

16 (8) SUBSEQUENT MODIFICATIONS.—Any clause  
17 in the contract, as modified by this subsection, may  
18 be further modified only by mutual agreement of the  
19 Forest Service and the purchaser and may be so  
20 modified without further Act of Congress.

21 (d) EFFECTIVE DATE FOR CONTRACT MODIFICA-  
22 TION.—

23 (1) EFFECTIVE DATE.—The modifications  
24 made by subsection (c) shall take effect 45 days  
25 after the date of the enactment of this Act.



1           (2) MINISTERIAL DUTY TO MODIFY THE CON-  
2       TRACT.—Not later than such effective date, the con-  
3       tracting officer shall revise, as a ministerial function,  
4       the text of the contract to conform with the modi-  
5       fications made by subsection (c) and implement the  
6       modified contract. The contracting officer shall  
7       make conforming changes to provisions of the con-  
8       tract that were not modified by subsection (c) in  
9       order to ensure that the modifications made by such  
10      subsection are implemented.

11      (e) TRANSITION TIMBER SUPPLY.—Timber volume  
12      available or scheduled to be offered to the purchaser under  
13      the contract in effect on the day before the date of the  
14      enactment of this Act shall continue to be offered and  
15      scheduled under the contract as modified by subsection (c)  
16      along with such additional timber volume as is necessary  
17      to satisfy the timber volume requirement of 192,500,000  
18      board feet per year.

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